

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Market Test of Experimental Product
First-Class Tracer

Docket No. MT2012-1

NOTICE AND ORDER CONCERNING MARKET TEST OF
EXPERIMENTAL PRODUCT

(Issued November 9, 2011)

I. INTRODUCTION

On November 7, 2011, the Postal Service filed a notice, pursuant to 39 U.S.C. 3641(c)(1), announcing its intent to initiate a market test beginning on or about December 7, 2011, of an experimental market dominant product, First-Class Tracer.¹ The market research test will consist of providing customers a means to track the transportation and processing of single-piece First-Class Mail. *Id.* at 1.

¹ Notice of the United States Postal Service of Market Test of Experimental Product First-Class Tracer, November 7, 2011 (Notice).

II. BACKGROUND

The Postal Service states that consumers have continuously looked for ways to track single-piece First-Class Mail through the postal system. *Id.* at 1-2. It proposes the instant market test of the First-Class Tracer as a convenient and highly visible means of providing commercial mailers and individual consumers a tool through which to gain information on the transportation and processing of their First-Class Mail letters. *Id.* The Postal Service sees the market test as a way to leverage product design, development, and distribution of resources with minimal competitive impact. *Id.* at 2.

The Postal Service explains that the proposed market test will consist of retail distribution sales of the First-Class Tracer to consumers in specific test locations. *Id.* at 1. Sales will be revenue generating, and the Postal Service will test different prices in different test locations. *Id.* Expenses incurred will be considered research and development costs incurred in connection with new product development. *Id.*

Statutory authority. The Postal Service indicates that its proposal satisfies the criteria of section 3641, which imposes certain conditions on experimental products. 39 U.S.C. 3641. For example, the Postal Service asserts that the First-Class Tracer is significantly different from all products offered by the Postal Service within the meaning of section 3641(b)(1). *Id.* at 4. In addition, it contends that the product will only be available at retail, apply solely to a market dominant product, and will not create an unfair or inappropriate competitive advantage for the Postal Service or any mailer. *Id.* at 5; see *also* section 3641(b)(2). The Postal Service states that the First-Class Tracer is correctly classified as a market dominant product. *Id.*; see *also* section 3641(b)(3). The Postal Service does not anticipate that the annual revenues from the market test will exceed \$10,000,000, as adjusted for inflation in any fiscal year, pursuant to 39 U.S.C. 3641(e), (g). *Id.* at 4, 6.

Product description and nature of market test. Pursuant to section 3641(c)(1)(B), the Postal Service provides a description of the nature and scope of the market test. The product will be offered at 50 retail locations around the Washington, DC metropolitan area in two packaged quantities, a five-label pack and ten-label pack. *Id.*

at 3. Test prices will vary according to the test location. *Id.* Depending on early test results, the Postal Service may offer alternative packaging quantities and change sale channels. *Id.* The Postal Service states that the duration of the market test will not exceed 24 months unless the Postal Service requests an extension from the Commission. *Id.* at 6.

A First-Class Tracer, which consists of a barcoded label, tracing number, and QR Code, will allow customers to obtain information on the processing and transportation of their First-Class letters. *Id.* at 2-3. First-Class Tracer service does not receive a delivery scan. *Id.* at 2. The Postal Service provides an illustrative figure of the First-Class Tracer in its filing notice. *Id.* at 3.

III. NOTICE OF FILING

The Commission establishes Docket No. MT2012-1 for consideration of matters raised by the Notice. Interested persons may submit comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3641. Comments are due no later than November 28, 2011. The filing can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Kenneth R. Richardson to serve as Public Representative in this docket.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. MT2012-1 for consideration of the matters raised by the Notice.
2. Pursuant to 39 U.S.C. 505, Kenneth R. Richardson is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments by interested persons are due no later than November 28, 2011.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary